



CITY OF ST. LOUIS

AFFORDABLE HOUSING COMMISSION (AHC)

**COVENANT HOUSE
CONTRACT #18-14G**

**FISCAL MONITORING REVIEW
JULY 1, 2014 THROUGH JUNE 30, 2015**

PROJECT #2015-AH05

DATE ISSUED: DECEMBER 9, 2015

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER



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December 9, 2015

Kelly Hieronymus, Director of Finance
Covenant House
2727 North Kingshighway Blvd
St. Louis, MO 63113

RE: Covenant House (Project #2015-AH05)

Dear Ms. Hieronymus:

Enclosed is a report of the fiscal monitoring review of Covenant House for the period July 1, 2014 through June 30, 2015. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of Covenant House. Fieldwork was completed on November 6, 2015.

This review was made under the authorization contained in Section 2, Article XV, of the Charter, City of Saint Louis, as revised and through an agreement with the Affordable Housing Commission to provide fiscal monitoring for all grant sub-recipients. The review was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

If you have any questions, please contact the Internal Audit Section at (314) 657-3490.

Respectfully,

Dr. Ishmael Ikpeama
Internal Audit Supervisor

Enclosure

CC: April Ford-Griffin, Executive Director, Affordable Housing Commission
Tammie Crumble-Belk, Director, Quality Assurance and Evaluation

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SUMMARY

Background

Contract Name:	Covenant House
Contract Number:	18-14G
Contract Period:	July 1, 2014 through June 30, 2015
Contract Amount:	\$25,000

The contract provided funds from the Affordable Housing Commission (AHC) to Covenant House for its Crisis Program. The objectives of the program are to:

- Provide 250 youth in St. Louis and the surrounding metropolitan area residential and support services to help them obtain safe and stable alternative living arrangements.
- Improve job-readiness skills through training classes to help them successfully obtain employment.
- Enroll youth into an educational program; 80% will be enrolled or re-enrolled into high schools, college, GED (HiSET) or a trade program.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state, and local AHC requirements for the period of July 1, 2014 through June 30, 2015 and make recommendations for improvements, as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls related to the contract administered by AHC. Evidence supporting the reports the Agency submitted was tested and other procedures were performed as considered necessary.

Status of Prior Observations

The Agency did not have any previous AHC fiscal monitoring reviews.

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Summary of Observations

Several control procedures were noted within the Agency's financial activities. These included, but were not limited to the following:

- Monthly reviews of financial reports by the finance committee.
- Purchasing policies and procedures addressing vendor approval and quotation standards.
- Payable policies and procedures requiring prior approval by appropriate department head of check request forms, original receipts, invoices, and documents submitted to the finance department.
- Procedures and standards to ensure checks issued are reviewed, properly documented and authorized. The procedures address the level of authorization for check amounts and restriction for check signers that approve the check request forms.
- Fixed asset policy addressing finance approval of acquisition and disposal forms, tagging, and the assignment of fixed asset number for tracking purposes.
- Petty cash procedures addressing limit of amount, authorization, security, reconciliations to vouchers, restriction for personal reasons, and random independent reviews.

The opportunity exists for the Agency to improve controls and ensure compliance with the contract. The following observation resulted from the review:

- Failure to submit programmatic reports timely.

Conclusion

The Agency did not fully comply with federal, state, and local AHC requirements.

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Management's Response and Exit Conference

The Agency agreed with the observation and recommendation and therefore declined an exit conference. Management's response to the observation was received on December 9, 2015 and has been incorporated into this report.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS,
AND MANAGEMENT'S RESPONSES**

Failure to Submit Programmatic Reports Timely

The Agency elected to submit quarterly programmatic reports to the Affordable Housing Commission (AHC) as opposed to monthly. However, the reports were not submitted timely in accordance with the contract.

Section 7 of the contract requires the Partnership to submit quarterly programmatic reports no later than the twentieth (20) calendar day of the next quarter. Internal Audit noted that three (3) of the four (4) quarterly reports were not submitted timely as follows:

LATE QUARTERLY REPORTS	
Quarter	Days Late
First	9
Third	50
Fourth	28

Section 24 of the contract states that if the reports are more than thirteen (13) days late, the Commission may hold up reimbursements until the delinquent reports are received. Further failure to submit programmatic reports may be considered abandonment of the program activities rendering the contract subject to immediate termination.

Recommendation

The Internal Audit Section recommends that management review the terms of the contract and ensure all programmatic reports are submitted timely. A policy should be developed by management that establishes a designated time frame before the due dates to prepare and review the programmatic reports.

Management's Response

The Director of Quality Assurance and Evaluation will submit quarterly reports before or by the 20th of each month following the quarter.